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Storage Holdings Rising Slower Than Year Earlier

The Dairy Situation, Economic Research Service, USDA, July, 1966

Storage stocks of nearly all dairy products, as of June 1, 1966, were below a year earlier. In milk equivalent terms, stocks were estimated at 4.7 billion pounds, 2.4 billion below a year earlier, the lowest level for that date since 1952. Government stocks continued at negligible levels.

This year total stocks have risen 1.3 billion pounds milk equivalent from the low of 3.4 billion in March, only half of the 1965 rise of 2.4 billion pounds from that year's low (in February) to June 1. However, commercial stocks gained 1.4 billion pounds since the March low, compared with the 1965 gain of 1.0 billion. The smaller buildup in butter stocks since March accounts for most of this year's slower growth in stocks. Cheese holdings also gained a little less than a year earlier. Weekly reports from selected storage centers indicate that stocks rose further in June but are still below mid-1965 levels.

Dairy product stocks are expected to continue below a year earlier for the rest of 1966. In the third quarter, milk production is expected to decline seasonally, and holdings likely will begin moving out of storage beginning in August. Since production during most of the fourth quarter likely will fall short of current requirement, stocks will continue to decline even after the seasonal low milk production point is passed.

Cold storage holdings of butter reached 53 million pounds in May, up 19 million for the month, (but down 113 million from a year earlier) and rose further in June. All of the gain was commercial stocks, since Government holdings were negligible.

Cheese stocks increased less in May than a year ago — 18 million pounds compared with 31 million pounds in May 1965. Below-average gains were also occurring in June. American cheese holdings totaled 269 million pounds by June 1, down 30 million pounds from last year.

USDA and manufacturer's stocks of nonfat dry milk — not used in computing milk equivalent (fat solids basis) of stocks — were 125 million pounds at the end of May, down from 324 million a year earlier, but up 57 million from the March 31st level. Most of the decline from 1965 was in Government holdings. Contractors and others with pipeline supplies not reported by SRS have apparently built up stocks in anticipation of later use or sales at higher prices, since the disappearance rate has been unusually heavy so far this year. With production continuing lower in 1966, reduced CCC supplies are moving rapidly into various programs; so stocks are likely to remain low for at least the rest of 1966.

MANUFACTURING MILK USE CONTINUES BELOW YEAR EARLIER

The Feed Situation, Economic Research Service, USDA, July, 1966

During January-May 1966, milk used for manufactured dairy products was about 12 percent below a year earlier. Based on weekly butter and cheese production reports, June supplies of milk for manufacturing continued below a year earlier. Third quarter supplies of milk for manufacturing are expected to continue below year-earlier levels because of the steady commercial demand for milk for bottling and prospects for lower milk production than a year earlier.

Butter production continued below a year earlier in the second quarter. However, the decline from 1965 levels began lessening. January-May output was 24 percent below the same period of 1965 while June output (through June 23) was about 14 percent down, based on weekly reports. However, butter production is expected to remain below year-earlier levels in the third quarter, as the shift in utilization to other products is maintained. Nonfat dry milk output through May was about one-fourth below a year earlier.

Output of cheese averaged 2 percent higher than a year earlier through May. Most of the gain was in production of miscellaneous types which rose 8 percent; American cheese output was 1 percent lower.

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY	July 1966	June 1966	July 1965
Producers' Uniform Price (3.5%)	$4.94	$4.45	$4.06
Class I (3.5%)	5.51	5.18	4.55
Class II (3.5%)	4.05	3.67	3.17
Producer Butterfat Differential for each one-tenth percent	9.2¢	8.4¢	7.6¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	75.0	67.5	78.1
Percent of Producer Butterfat in Class I	73.3	65.7	78.1
Percent of Producer Milk in Class II	25.0	32.5	21.9
Percent of Producer Butterfat in Class II	26.7	34.3	21.9
PRODUCER MILK RECEIPTS			
Total Pounds Producer Milk Delivered	41,985,579	47,313,818	43,692,961
Average Daily Class I Producer Milk	1,354,374	1,577,127	1,409,450
Total Number of Producers	1,498	1,546	1,632
Average Daily Receipts per Producer	904	1,020	864
Average Butterfat Test	3.53	3.56	3.50
Total Value of Producer Milk at Test	$2,169,574	$2,240,922	1,858,240
Income per Producer (7 Day Average)	$327	$338	$257
GROSS CLASS USE (Pounds)			
Class I Skim	30,390,339	30,823,553	32,915,665
Class I Butterfat	1,086,941	1,107,608	6,196,805
Class I Milk	31,477,280	31,931,161	34,112,470
Class II Skim	10,111,710	14,803,173	9,244,902
Class II Butterfat	396,589	579,483	355,587
Class II Milk	10,508,299	15,382,656	9,580,489
AVERAGE DAILY SALES (Quarts)			
Milk	371,485	399,972	413,342
Buttermilk	6,934	7,162	7,322
Chocolate	16,777	19,050	17,263
Skim	10,218	11,323	12,211
Cream	7,025	8,085	9,120

COMPARATIVE STATISTICS ☆ COLUMBUS MARKETING AREA ☆ JULY, 1957 - '66

Year	Receipts From Producers	Average Butterfat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1957	25,721,802	3.66	72.3	8.2	14.9	4.6	3.79	4.379	3.979	3.479	3.057	1,906	435
1958	25,099,314	3.67	72.0	8.8	11.0	8.2	3.51	4.079	3.679	3.514	2.856	1,808	448
1959	26,599,943	3.67	79.6	8.3	4.1	8.0	3.76	4.293	3.893	3.279	2.879	1,749	491
1960	27,223,982	3.67	75.5	7.8	3.5	13.2	3.63	4.206	3.806	3.784	2.883	1,644	534
1961	28,284,509	3.61	73.1	8.8	4.6	13.5	3.89	4.48	4.08	3.499	3.164	1,241	735
1962	31,679,728	3.59	72.7	8.2	5.0	14.1	3.56	4.12	3.752	3.556	2.936	1,311	780
1963	36,129,136	3.55	73.7	8.9	5.8	11.6	3.64	4.19	3.811	3.61	2.99	1,358	858
1964	46,821,764	3.54	71.1	28.9	——	——	3.73	4.26	3.12	——	——	1,668	906
1965	43,692,961	3.5	78.1	21.9	——	——	4.06	4.55	3.17	——	——	1,632	864
1966	41,985,579	3.53	75.0	25.0	——	——	4.94	5.51	4.05	——	——	1,498	904

Secretary Freeman's Annual Report Calls 1965

"Year of Progress — Year of Promise"

"When agricultural historians review the decade of the 60's they will see 1965 as a major turning point: A year of progress for farm and rural America and American consumers — and a year of promise, too," Secretary of Agriculture, Orville L. Freeman says in his Annual Report for 1965.

The Secretary cites progress in farm income, surplus reduction, foreign trade, farm legislation, rural development, and service to consumers.

Income: "Farm net income reached $14.1 billion — more than $1 billion over 1964 and $2.4 billion (21 percent) over 1960. Net income per farm averaged $4,182 — a good 12 percent over 1964 and 42 percent higher than in 1960."

Surplus Reduction: "Carryover stocks of farm commodities fell to the lowest level since 1957, decreasing storage and handling costs. Grain surpluses continued to decline, but remained adequate to any emergency."

Foreign Trade: "Farm exports continued at or near record levels — $6.1 billion for the fiscal year and $6.2 billion for calendar 1965. One-fourth of these exports were sent abroad under Food for Peace program to meet food needs and foster economic development in over 100 countries around the world."

Farm Legislation: "Congress enacted a sweeping, new long-term farm policy — the Food and Agriculture Act of 1965 — giving us programs for the next 4 years. This Act is a major turning point in farm policy. It strengthens and preserves in a modern context our free enterprise agricultural system."

Rural Development: "More than 100,000 local rural leaders in over two-thirds of the Nation's counties cooperated in efforts to stimulate community growth. Department agencies continued to spur the revitalization of rural America through an accelerating outreach effort which is improving farms and homes, building community facilities, and stimulating industrial expansion."

Consumer Benefits: "The American people enjoyed an abundance of the highest quality and most varied food ever known to any Nation. And they spent only 18.2 percent of their disposable income for it — less than ever before here or in any other Nation. In addition, agricultural abundance was put to increasingly better use in serving children and the needy. Over 40 million Americans (50 percent more than 5 years ago), many with low incomes, had a better diet due to expanded food distribution programs."

In this progress is the seed of future promise for years to come, the Secretary says.

He predicts another rise of $1 billion in farm income in 1966, with net income per farm climbing to about $4,600, or 55 percent more than in 1960. "Equality of income opportunity for operators of efficient family-size farms is a realistic possibility before 1970."

He anticipates substantial cuts in the surpluses of cotton and tobacco as the new legislation takes effect. "Grain surpluses also will be reduced and maintained at adequate reserve levels."

Farm exports this fiscal year, Mr. Freeman says, will rise to $6.7 billion, a sharp jump of 10 percent over the 1965 record. "Compared with the 1965 level, exports may climb 25 percent by 1970 and 50 percent by 1975."

People throughout rural America can expect "a continued and accelerated speedup in the creation of new jobs, new industries, new community facilities for better living, and new opportunities in rural communities countrywide."

And in the years ahead consumers can look for further reductions in the real cost of food. "Whereas in 1965 our 195 million people spent 18.2 percent of their disposable income for food, by 1970 some 210 million Americans will be spending 17 percent or less for an even better diet. As a result, the average American family will have more to spend for things other than food."

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MANUFACTURING MILK USE . . .
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However, American cheese output was above a year earlier in April and May Output in the first 3 weeks of June averaged about 7 percent above a year earlier.

Evaporated and condensed milk (case goods) output continues to gain in response to expanded military and export demands. Frozen dairy product output in April and May fell a little below the upward trend of recent years because of cooler weather in major portions of the country.

January-April sales of whole milk were about 1 percent above a year earlier in 78 marketing areas (69 Federal and 9 State). First quarter sales of skim milk and low fat items in comparable marketing areas increased 9 percent over a year earlier; sales of milk and cream mixtures declined 2 percent and cream sales fell 2 percent. Total sales of fluid milk products are expected to continue trending upward in 1966. Even though May retail prices for these products were 5 percent above year-earlier levels, U. S. total personal income in May reached a record level 8 percent above year-earlier levels.

Preliminary estimates for January-May indicate that domestic disappearance of all dairy products (milk equivalent) in commercial outlets was 4 percent above year earlier. This reflects in part some buildup in pipeline supplies at a time when supplies are seasonally large.

Market Quotations

	JULY 1966
MINNESOTA - WISCONSIN PRICE SERIES	$4.05
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.96
Average Price per lb. 92-score butter at Chicago	.7119
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1883

Butter and Cheese Prices Rise

The Dairy Situation, Economic Research Service, USDA, July, 1966

Wholesale prices of Grade A butter at Chicago have been above the support purchase level since August 1965. In late May and early June, prices rose to 65.8 cents — 3 cents above early May levels — as usual seasonal butter production gains failed to occur. Butter prices are likely to remain high relative to support purchase prices throughout 1966.

Wholesale prices for American cheese have continued above support purchase levels throughout this year, though prices weakened seasonally in April. In late May and early June, however, the price of American Cheddar, f.o.b. Wisconsin assembly points, rose several cents contra-seasonally to 44.9 cents per pound, highest for June since 1952, about 6 cents above support purchase price. Cheese prices, like those of butter, are likely to start seasonal rises in July and continue at high levels relative to recent years during the rest of 1966.

American cheese output reaches its seasonal low usually in November and at that time current output is usually insufficient for market needs. Output then usually rises seasonally as milk production increases, but cheese production does not equal the level of commercial demand until about April. Until that time, cheese prices are likely to remain well above support purchase prices.

For the week ending June 24, prices of extra grade carlots of bulk nonfat dry milk, f.o.b. Wisconsin shipping points were ½ - 2½ cents per pound above the support purchase price. Nonfat dry milk prices have been above the support purchase price since July 1965.

Retail prices of dairy products reported by the Bureau of Labor Statistics for the first 5 months of 1966 averaged 3.0 percent higher than a year earlier; however, the May average was 5 percent higher. May retail ice cream prices averaged slightly under a year earlier; all other dairy items were higher with increases ranging from 3 percent for evaporated milk to 11 percent for American process cheese.